STUDENT PAPER ▫ 2

GENTRIFICATION: IS THE GENTRIFICATION PROCESS NEGATIVE BY DEFINITION?

Karla Hilton

INSTITUTE of URBAN STUDIES

UNIVERSITY of WINNIPEG

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For more information contact:

THE INSTITUTE OF URBAN STUDIES
University of Winnipeg
515 Portage Avenue
Winnipeg, Manitoba R3B 2E9
(204) 786-9409
Fax: (204) 786-1824

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GENTRIFICATION: IS THE GENTRIFICATION PROCESS NEGATIVE BY DEFINITION?

Karla Hilton*

The first necessary step in an analysis of gentrification involves definition. What does the term gentrification mean? One researcher quotes the dictionary definition, "the immigration of middle class people into a deteriorating or recently renewed city area" (Gaudet, 1987, p. 15). This definition, while somewhat vague, reflects the general consensus in much of the literature. It also serves my purpose, as it illustrates my theory of the twofold nature of gentrification. By my definition, gentrification involves a change in the socio-economic status of an area (step one) and physical renovation of the shelter in an area (step two).

The sudden socio-economic change in an area and its resultant effects on the present population are frequently cited as negative aspects of gentrification. In Don Vale, Toronto (also known as Cabbagetown) from 1966 to 1978, 1000 higher status households replaced lower status households, averaging out to a rate of 80 per year (Spragge, 1983, p. 39). As a result, in the period between 1970 and 1981, average house prices in Don Vale more than doubled, with rents often tripling, physically displacing many low- to moderate-income renters (Howell, 1986-87, p. 25). Conversely, physical renovation is always upheld in the literature as a positive factor in the gentrification process, "not only restoring valuable heritage architecture, it brought stability to an area that had none" (Gaudet, 1987, p. 15). Yet, due in part to the very definition of gentrification and the relevant research, an assumption is made that these two processes are inseparable. Is this in fact the case? Does renovation of inner-city areas occur independently of socio-economic upgrading? Can the positive effects of gentrification—improvements to the housing stock, heritage preservation, aesthetic appeal—outweigh the negative aspects associated with the high-status takeover of middle- to lower-class areas? These are the questions which interest me, and have driven my analysis of gentrification.

There have been extensive studies revolving around the question, "Who gentrifies?" Dennis Gale creates a profile of the typical gentrifier by utilizing several separate studies of gentrified neighbourhoods in Boston, Cambridge, Atlanta, New Orleans, New York, St. Paul and Washington. The average gentrifier is White, childless, in his/her mid-twenties to mid-thirties, holding a four-year university degree, with current job status as a professional or upper-level manager/administrator (Gale, 1979, pp. 294-95). Solid income data were not available in Gale's survey, but it would be safe to assume from the employment information that the average gentrifier enjoys an income in the upper-middle class range, traditionally associated with

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such positions. This profile is unanimously accepted by all the theorists, and reiterated on Canadian ground through data compiled in Godfrey Spragge's Don Vale study. Yet this establishment of a "gentrified" profile creates analytical problems. Most current studies now look for increases in socio-economic status as indicators of gentrification, thus overlooking areas which may be "gentrifying" in a different way. This is a central point made in the Millward and Davis study of gentrification in Halifax, where some areas are undergoing extensive renovations without the parallel status upgrading (1986, p. 148). This, in turn, raises questions about the usefulness of the term gentrification when it is obvious that it applies to a variety of different forms of upgrading.

After identifying who gentrifies, it becomes obvious that such individuals existed prior to the advent of the gentrification movement. Why have they now chosen to mobilize and begin gentrifying? There is a central belief that gentrification is a mutation of the traditional settling pattern. It has been proven world-wide that the face of the modern city is changing. Heavy industries, once the commercial root of many downtown districts, are being squeezed out by the service/information sector. From 1960 to 1982, the percentage of people employed by the service/information industry in New York City increased from 69.6 percent to 83.8 percent, with the fastest-growing industries designated as banking and investment, social and legal services, and business (Beauregard, 1986, p. 42). A link is drawn between the increasing concentrations of advanced service-sector jobs located in the city and the larger number of upper-middle class individuals choosing to remain in the city. The traditional pattern asserted that these individuals, once reaching a certain social status and income level, would move to the suburbs. This is not happening. Instead, "20 percent more upper status households are choosing to remain within the city than the number it would require to maintain all neighbourhoods at their present status" (Spragge, 1983, p. 41). While the evidence of a "new middle class" in combination with an emerging "post-industrial" movement succeeds in explaining both who gentrifies, and why gentrifiers have recently emerged in cities in increasingly larger numbers, it fails to supply an explanation as to the reasons why they gentrify, as well as the different degrees of this gentrification.

The theories regarding the causes of gentrification fall under two distinct categories: demographic or cultural theories, and economic or market-based theories. Although grounded in different assumptions, the wide variety of cultural theories all view gentrification as stemming from lifestyle choices being made by the "gentrifying" class. It has been posited that gentrifiers want to live close to work; increasing fuel prices and greater commuting times have made the suburbs less popular, creating alternatives in the inner city (Spragge, 1983, p. 41). A second theory claims that gentrifiers' postponement of childbearing allows them to settle in areas with less-than-competitive public schools (Spragge, 1983, p. 42). A third theory points to the existence of a consumer lifestyle in the inner city that cannot be found anywhere else.

Promoted in the media as an "urban" lifestyle, certain neighbourhoods become trendsetting, created by this "new middle class" as homages to themselves (Ferguson, 1985, p. 14). While all these theories hold some degree of truth, it is hard to believe that the educated, wealthy group of people we call gentrifiers would choose to live in disintegrating inner-city areas merely to be closer to the workplace and trendy boutiques. Thus, while these cultural factors may be necessary for a full explanation of the gentrification process, they are not sufficient:

> To explain gentrification according to the gentrifier's actions alone, while ignoring the role of builders, developers, . . . is excessively narrow. A broader theory of gentrification must take the role of producers as well as consumers into account (Smith, 1979, p. 540).

Thus, by leaving the cultural theories of gentrification behind and turning to the economic theories, we shall be better able to understand the real causes of gentrification.

Arguably, the most influential economic theory explaining gentrification is the "rent gap" theory, expounded by Neil Smith (1979). In his article, he outlines the process by which capital depreciates in the inner city, creating a rent gap" between what the land is actually worth and the significantly lower amount being charged for its use (pp. 543-45):

> Only when this gap emerges can re-development be expected since if the present use succeeded in capitalizing all or most of the ground rent, little economic benefit could be derived from redevelopment (p. 545).

Suburban development speeds up the process of inner-city depreciation by luring the investment needed to rejuvenate downtown into the suburbs (Beauregard, 1986, p. 38). This process is confirmed by the evidence of a Washington, D.C. survey, in which gentrifiers cited the investment potential of the house purchased, and the relatively affordable price, as the top two reasons for locating in the gentrified areas of Mount Pleasant or Capitol Hill (Gale, 1979, p. 298). Yet, an obvious problem emerges upon closer examination of the data. While explaining the logic inherent in the early stages of gentrification–the lowering of rents to the point where an area becomes attractive due to its sheer value–the rent gap theory fails to explain why people continue to move into these areas once rents begin to skyrocket. It is unlikely that a resident in Ottawa, currently one of Canada's most gentrified cities, would cite the reason for buying their $102,000, one-bedroom, 750 square foot condo (1984 prices) as being due to its affordable price (Ley, 1986-87, p. 16). Similarly, the Cabbagetown of today is no longer considered a good investment, due to its quick turnover rate (Ferguson, 1985, p. 14). Thus, it appears that economic and market-driven forces alone do not power the gentrification process.

After examining the theories surrounding gentrification, it appears that the process is much more complex than any one theory assumes. While the early stages of gentrification can be explained in terms of the economic benefits to the gentrifiers, once prices begin to rise, the situation changes. The

increasing attractiveness of the area and its influx of amenities, cited earlier as cultural factors, are now the central drawing cards, bringing more people into the area for whom price is less of a consideration. Thus, it is clear that gentrification occurs in stages (Gale, 1979, p. 300) and having established this fact, we should now be able to discern the forces which are at work once the first pioneers move into a deteriorating area and begin upgrading.

As pointed out by Charmaine Gaudet,

> The stereo-typed young, well-paid, status seeking conservative, for whom a house is an image and a way to make a buck obviously exists. But so do couples, young and old, who pour their love, labour and every cent into restoring a venerable old building (1987, p. 15).

While the bulk of the current literature fails to deal with the simple renovator, these kinds of gentrifiers do in fact exist. The Millward and Davis study is based entirely upon this presumption, stating, "Inner city areas can demonstrate very different bases for rehabilitation, and it is quite inappropriate to label all modes of renovation as gentrified" (1986, p. 155). Using building permit data available for the city of Halifax, their study successfully portrays certain areas of Halifax as undergoing the extensive ($4000 or more) renovations associated with gentrification, without undergoing the rapid socio-economic upgrading (p. 153). Furthermore, a connection is made between the mobility of certain areas and their propensity for full-blown gentrification, as opposed to simple upgrading. It seems that the areas with highest mobility of residents display the characteristics associated with gentrification, while lower mobility areas remain static (Millward and Davis, 1986, p. 154). What causes certain areas to become highly mobile in conjunction with the gentrification process, while other areas remain stable, merely undergoing renovation? The answer to this question gets us to the root of the gentrification debate, as it identifies the forces which set some neighbourhoods on the road to gentrification, and leaves other neighbourhoods to make small gains at their own pace. These forces are developers, business, and, at times, governments.

As proven in study after study, gentrification nearly always begins with a few upper-middle class "pioneers" moving to a deteriorating area and upgrading their homes. Obviously, the existence of few gentrifiers in the area is not enough to create the types of social problems proven to accompany large-scale gentrification. Does their token existence hold enough economic force to cause chi-chi shops to begin opening up in the place of the local grocery store? I don't think so. Nor does it seem logical to assume that a potential buyer will see a few renovated houses in an otherwise downtrodden neighbourhood and immediately make plans to move to the area. I would posit that the key to the gentrification industry does not lie in the gentrifiers themselves. Rather it lies in the development industry,

in conjunction with governments and business. In Kitsilano, B.C., for example, a prime gentrification neighbourhood, developers used methods such as planting decoy rock bands and religious sects in the neighbourhood in order to encourage property owners to sell, and then artificially escalating the diminished property values by reselling the land back and forth between developers (Ley, 1986-87, p. 16). Such tactics seem far beyond the reach of the simple renovator or pioneer gentrifier. Only developers would be capable of implementing such extreme changes in such a short period of time. Time, after all, is integral to determining whether gentrification remains mere upgrading, or whether it escalates into full-blown displacement and development. The possibility for the high turnover of land, therefore a high-profit return, is what appears to lure developers to certain gentrifying neighbourhoods. This makes sense, given the nature of the capitalist market and the constant need for expansion. What developer would be willing to wait twenty or thirty years for a profit turnover? This observation is borne out by the Millward and Davis study, which cited a distinct correlation between property turnover rates and the resultant gentrification of an area (1986, p. 152). Thus, by looking to developers, I have found the answer to my gentrification dilemma: the point when developers become involved is the same point at which gentrification begins to exhibit negative socio-economic characteristics in the community.

The real irony of this situation is that government agencies designed to combat the more negative types of gentrification and promote better city living often end up contributing to the developers' ability to pursue a profit. Governments allow banks and insurance companies to redline certain areas, often along discriminatory lines. Redlining is the process by which "insurers will not provide coverage for older homes, or will do so only on less favourable terms" (Squires, 1987, p. 68). In his study of redlining in Milwaukee, Squires goes on to state, "Home ownership becomes more difficult in those areas [that were redlined] . . . Property values are lower as a result . . . such areas become less attractive for investment" (p. 75). Or do they? Both Fairview Slopes and Don Vale, two highly gentrified neighbourhoods, suffered redlining in the 1960s (Ley, 1986-87, p. 14). Conversely, both these areas underwent extensive private development at an accelerated rate. During the mid-1970s, Fairview Slopes contained 145 homes, most of which where were rooming houses, and a few apartments. The area housed about 500 people (Mills, 1986-87, p. 21). Yet, by 1986, the same neighbourhood contained 80 new apartments and condominiums, with 10 more in construction, and a population of approximately 2000 people (Mills, 1986-87, p. 21). Could this area have undergone such extensive change, from a low density, lower middle-class area to a mecca for new apartments, if the redlining had been regulated by the government? In all likelihood, yes. Yet redlining alone did not cause the extreme gentrification of this area to occur; rather, development did. What redlining did was to allow acceleration of the deterioration of the neighbourhood, deterring any type of individual renovation which might have anchored the surrounding housing stock.

But by failing to devise and enforce legislation which outlaws the process of redlining, governments are paving the way for developer-powered gentrification.

One author quite accurately points out that "Neighbourhood resettlement gives prima facie evidence of providing myriad benefits to local government at very little cost" (Gale, 1979, p. 302). Thus, one must question the true resolve of governments in battling gentrification, given the benefits it often brings. Not only does gentrification entail investment and a deeper tax pocket for the inner city, but the displacement of lower social classes also allows governments to cut back on costly social programs (Beauregard, 1986, p. 51). I would even go so far as to posit that gentrification, unchecked, allows governments not only to eliminate costly social programs, but, in tandem, to eliminate the organized demands of the people seeking these social programs.

I would offer the example of Toronto, where it is estimated that extreme gentrification has displaced from 3000 to 25,000 citizens into homelessness (Howell, 1987, p. 28). On the streets, these people have little hope to organize politically, and can no longer claim social services; thus, they are no longer the government's concern.

Perhaps in awareness of the negative aspects of developer-based gentrification, government agencies have been formed to offset these costs. Programs such as RRAP (Residential Rehabilitation Assistance Program) and NIP (Neighbourhood Improvement Program), under the Canadian Mortgage and Housing Corporation, are designed to provide assistance to private citizens undertaking renewal projects. Until recently, these programs were limited to selected municipalities, often the same municipalities where developer-driven gentrification had already begun, thus facilitating, rather than curbing, negative gentrification (Gaudet, 1987, p. 17). Areas previously targeted under RRAP and NIP funds were Centretown, South End Halifax and Kitsilano (Ley, 1986-87, p. 8), the infamous neighbourhood mentioned earlier in the paper to illustrate the tactics of blockbusting and artificial land sales used by developers to facilitate gentrification. A second problem with these types of programs is that they do not seek out neighbourhoods to fund; rather, their funding is sought out. Frequently, this results in a lobbying process whereby poor to working class areas most in need of funds are at a disadvantage, due to their inability to compete with middle-class lobby efforts. Non-profit housing corporations such as CITYHOME in Toronto and CITY LIVING in Ottawa may be a slightly better use of public funds, yet they seldom come close to battling the devastation of gentrification. While 9200 units have been built since 1975 by CITYHOME, in the same time span, 20,000 affordable units have been lost (Howell, 1986-87, p. 28). On paper, this may appear to be a commendable record for a band-aid type organization, yet in human terms, it translates into the fact that, due to the gentrification process, 10,000 people are still unable to afford a roof over their heads. Even with programs such as NIP and RRAP being subsequently modified

in light of the recent criticisms, the fact remains that a comprehensive analysis of the effectiveness of government-sponsored programs has yet to be undertaken. Without a critical, across-the-board look at these programs, it is difficult to promote them as plausible solutions to the gentrification problem. If governments are to wage the battle against excessive development, legislation which limits developers seems to be the most cost-effective way to go. Funding under the supposition of levering the degree of private investment will always fail, as there will always be far greater funds in the developers' pockets as opposed to the government's. The legislative solutions to developer-driven gentrification are numerous, and have the advantage of needing only implementation rather than funding. A good example of effective legislation can be observed in the Rental Protection Act. Under the Act, City Council approval is needed for demolition or renovation of rental units, or for their conversion into condos, co-ops or non-residential uses. Approval is not to be granted unless satisfactory accommodation is found for displaced tenants in the same area at the same price (Howell, 1986-87, p. 29). Effective legislation can be viewed as a good insurance policy; measures in place in order to insure "good" gentrification does not turn to bad. Yet, legislation also carries its own set of constraints. Up against the powerful economic force of developers, governments must find the political will to enforce such legislation. In addition, even the most carefully devised legislative schemes contain loopholes, which developers seek out, and, in turn, exploit, with the assistance of well-paid lawyers.

In conclusion, it is now clear there are myriad causes for gentrification, in as many combinations as there are neighbourhoods. Not all of these forms of gentrification are necessarily negative, not all forms result in crisis of affordability and displacement. Yet, in every case, the point at which developers become involved in gentrification is the point at which the negative begins to outweigh the positive. Thus, government limits must be placed on developers. These limits must be in place not once displacement reaches an "unacceptable" level, not once the city is caught in a housing crisis, but from day one. It is my belief that if proper constraints had been placed on developers when they first became involved in gentrification, there would be no need for analytical distinctions between "good" and "bad" gentrification. Yet the difficulty in implementing either government legislation or renewal programs--or a combination of both--to combat the negative aspects of gentrification is well documented. So, where does this leave us? The absolute lack of literature available on possible solutions to excessive, developer-driven gentrification points to my final, if somewhat depressing, conclusion, namely that the solutions to the problems of rampant gentrification appear to be more complex than the actual problem. Research needs to move past the stage of merely identifying the gentrification process at work, towards a systematic analysis of possible conclusions. Only once this process is underway will the gentrification process be seen in its entirety, and solutions to the problem within full reach.

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